

MANAGING FOR RESULTS BUDGET SUBMISSION REQUIREMENTS

Managing For Results (MFR) is a planning, performance measurement, and budgeting process that emphasizes use of resources to achieve measurable results, accountability, efficiency, and continuous improvement in State government programs. MFR and strategic budgeting orient program management toward achievement of improved outcomes for the citizens of the State. The agency strategic plans developed through the MFR process and MFR performance data provide a frame of reference for developing strategic program rankings in the strategic budgeting process.

In the 2004 legislative session a new section of law was enacted that defines and provides guidelines in terms of Managing for Results submissions from agencies to DBM. A new subtitle 10 was added to Section 3 of the State Finance and Procurement Article. The new language requires that each agency select no more than six goals that are either compatible with the MFR State Comprehensive Plan, or that are consistent with the agency's mission if the goals in the MFR State Comprehensive Plan do not apply to the agency. It is likely that most agency goals already adhere to this definition. The statute states that agency goals must be selected by July 1 and submitted to DBM at the end of August.

The new statutory language also requires the submission of an Agency Strategic Plan that includes:

1. A mission statement;
2. A description of the agency's goals;
3. A description of the objectives and performance measures implemented at the program level;
4. Performance measure statistics for at least the 2 most recently completed fiscal years;
5. Performance measure estimates for the current year appropriation and budget request year;
6. Discussion of agency progress in meeting goals and performance measures;
7. Description of internal controls to ensure reliability of the data collected for each measure;
8. An identification of the customers and stakeholders served.

Most MFR submissions already comply with the statutory requirements. Agencies should continue to evaluate the MFR to ensure compliance with both statute and DBM requirements.

The ten page MFR State Comprehensive Plan may be reviewed at:

http://www.dbm.maryland.gov/dbm_publishing/public_content/dbm_taxonomy/budget/publications/2005stateplan.pdf

Through the MFR and strategic budgeting processes, agencies and departments should review their existing MFR Strategic Plans to ensure that their missions, key outcome goals and objectives are aligned with the Five Pillars of the Ehrlich-Steele Administration as applicable.

DBM will continue to work with agencies to produce focused presentations of key MFR goals, objectives and measures to be printed in the budget books. Agencies should streamline the agency and program-level presentations by excluding goals, objectives, and measures that merely tabulate agency activities (outputs). However, agencies should not exclude input and output measures that are crucial to understanding how outcome, quality, or efficiency objectives will be achieved.

The FY 2007 MFR submission requirements are summarized in the table below. Additional discussion of these items follows the table. **Agencies are to e-mail the revised MFR Word files and other required MFR documents to Delterese George at dgeorge@dbm.state.md.us, and to their assigned Budget Analyst, no later than August 31, 2005. Agencies should use the table as a checklist to ensure that all required information is submitted by the due date.**

MFR COMPONENTS	AGENCY	PROGRAM (Mandatory items apply to each appropriated 8 digit program)	CONDITIONS
Mission	Mandatory	Mandatory	
Vision	Optional	Optional	
Key Goals	Mandatory: Maximum of 6 at the agency level	Mandatory Maximum of 3 per appropriated program	
Key Objectives	Optional: Maximum of 2 for each agency-level key goal; maximum of 12 agency-level objectives.	Mandatory Maximum of 2 for each key goal presented	List objectives under goals in the MFR presentation
Key Strategies	Mandatory For the measures included in the State Comprehensive Plan	Optional Unless requested by the agency's Budget Analyst	
Key Performance Measures	Mandatory: Focus on outcomes and efficiency measures. Maximum of 25 key agency-level measures	Mandatory: Focus on outcomes and efficiency, but also may include input, output, and quality measures	Limit the number of performance measures reported to those that are most significant
Data for Key Measures	Mandatory: Submit at least 1 chart or graph that displays 1 of the agency's most significant outcome measures. Display in the graph at least three (but preferably five or more) years of actual performance data as well as the estimates for FY 2006 and FY 2007.	Mandatory	Submit actual statistics for the two most recently completed fiscal years ('04 & '05), estimates for current appropriation year (FY '06) and budget request year (FY '07) for both agency and program measures.

MFR COMPONENTS	AGENCY	PROGRAM (Mandatory items apply to each appropriated 8 digit program)	CONDITIONS
Certification of the Reliability of the MFR Data	Mandatory		By agency head or designee. Designees are either Deputy or Assistant Secretaries in departments or Deputy Directors in independent agencies.
Data Definitions and Descriptions of Control Procedures	Mandatory Submit for at least 10 additional agency-level measures. Initially submit outcome and efficiency measures.	Mandatory after submitting documentation for agency-level measures. If there are less than a total of 10 agency-level outcome and efficiency measures, submit documentation for other key program-level measures with a focus on outcomes.	Submit updates to definitions and controls submitted last year and submit definitions and controls for an additional 10 performance measures with focus on outcomes and efficiency measures.
Program Description	Not Applicable	Mandatory Describe major on-going activities.	If applicable, include appropriate section from the Annotated Code.
Discussion of Program Performance	Mandatory <i>New Requirement:</i> Discussion of performance for performance measures that were included in the 2005 State Comprehensive Plan.	Mandatory	Discussions may aggregate performance for the entire agency or highlight a specific appropriated program. Agencies with measures in the State Plan must report on those specific measures and associated objectives.
Full Agency MFR Strategic Plan	Optional	Optional	Provide copy if your agency has published a full strategic plan.

Definitions and guidance about developing the MFR components may be found in the **Managing for Results Guidebook**. Agencies may obtain training in MFR and Strategic Budgeting from the University of Baltimore.

GENERAL FORMAT

DBM has provided to each agency the final electronic FY 2006 MFR Word files in the correct format for printing in the Governor's Budget Books. Agencies must prepare their FY 2007 MFR submissions by updating these FY 2006 Budget Book files for the actual and estimated fiscal year data and any changes to components of their MFR strategic plans. An agency must retain the format prescribed in these instructions and **Attachment A** unless its assigned Budget Analyst agrees to a change.

Agencies should use the numbering system for goals and objectives that is shown in the **Managing for Results Guidebook**. For example, objectives numbered 1.1 and 1.2 would be the first two objectives for Goal 1. The formatting guidelines are described in **Attachment A** and the Budget Book MFR templates/WORD screen-prints shown in **Attachments D through I**.

Attachment D - Margins

Attachment E - Headers – 1

Attachment F - Headers – 2

Attachment G -Headers – 3

Attachment H - Body of MFR Presentation

Attachment I - Performance Measures

PROGRAMS WITH SHARED MISSION, GOALS, OBJECTIVES, AND MEASURES

If an agency has programs that share the same mission, goals, objectives, and performance measures, it is not necessary to repeat these items for each program. The agency should include a reference to the program where these items may be found. For example, an agency could include a statement such as, "The mission, goals, objectives, and performance measures for this program are the same as for the Property Tax Program."

PERFORMANCE MEASURES

Agencies should report performance measures that illustrate the key activities and desired outcomes of the agency as a whole, and for each appropriated (8 digit) program. The measures selected should provide budget decision-makers with data to evaluate progress toward achieving agency performance objectives, and justification for the expenditure of funds.

Agencies should "nest" performance measures under the objective that they pertain to using the format shown in **Attachment B** (sample Budget Book page). Other types of Performance Measures may be grouped together following all other objectives. Footnotes may be provided to clarify measures and reported data. If the data is reported for a calendar year instead of a fiscal year, the heading may be changed to indicate the appropriate reporting period.

If a program did not receive an appropriation in the current fiscal year (FY 2006) but an appropriation is being requested for the coming fiscal year (FY 2007), please note that in the performance measures section.

Actual data may not yet be available if an agency has revised its performance measures. In that case estimates related to the targets in MFR objectives should be included for FY 2006 and 2007. Where existing measures are being retained, it is important that consistent information be presented over the four-year time frame.

Graphical presentation of data should display at least three (but preferably five or more) years of actual performance data as well as the estimates for FY 2006 and FY 2007. **Attachment C** is a graphical presentation for a State Highway Administration goal to improve highway safety in Maryland. The measure depicted is the annual number of traffic fatalities on all roads in Maryland (calendar year). All graphs should be created in an Excel format. The graph should be inserted into the appropriate section of an agency's MFR word file. The Excel source file should also be submitted to DBM. Graphs should only be black and white; patterns may be used to differentiate, if necessary. Font should be Times New Roman, size 10.

DOCUMENTATION OF DATA RELIABILITY, DATA DEFINITIONS, AND CONTROL PROCEDURES

The MFR submission must include a written and signed certification by the agency head or designee of the agency head of the reliability of the MFR data submitted for the FY 2007 budget. Designees may be either Deputy Secretaries or Assistant Secretaries in cabinet departments or Deputy Directors in Independent agencies. **Agencies also must provide with their MFR submissions a separate Word document that contains data definitions and control procedures.**

Section 3-1002 (d) of the State Finance and Procurement Article requires agencies to maintain documentation of the internal controls that have been established to evaluate performance measures that are subject to review by the State, including the Office of Legislative Audits. When establishing performance measurement systems, agencies should ensure that performance information is sufficiently complete, accurate, and consistent. The data collection, maintenance, and processing systems should be designed to avoid significant error and biases. Agencies should be able to provide sufficient information on verification and validation procedures with which an assessment can be made about whether these procedures and the reported data are credible. Procedures may include periodic review of data collection, maintenance, and processing procedures; periodic sampling and review of data; independent audits; or other established procedures for verifying and validating data. Data supplied from an external source should be indicated and verified where possible. Agencies must periodically update definitions and control procedures as necessary for all measures.

When developing performance measures, agencies must take care to formulate the measures to accurately reflect the performance concept in the related goal and objective. **The reported measure must be consistent with what is being measured in the objective.** For example, if the objective were measuring the percent of Maryland children fully immunized, it would be incorrect to report the number of children fully immunized. Terms used in performance measures must be precisely defined so that the measures are correctly understood and calculated. Formulas for calculation of the

measures should be specified in data definitions.

Submission of data definitions and control procedures is being phased in over a multi-year period. Submission began last year. The FY 2007 MFR submission should include data definitions and control procedures for an additional 10 key outcome and efficiency measures per department or agency. Departments/agencies with departmental-wide or agency-wide MFR presentations, should submit the data definitions and control procedures for the outcome and efficiency measures within the departmental-wide or agency-wide presentation first. Once all of the departmental-wide/agency-wide data definitions and control procedures (for outcome and efficiency measures) have been submitted, the program-level control procedures should be submitted. Agencies that have updated data definitions and control procedures originally submitted last year, should submit those updates to DBM indicating that they are updates to previously submitted information.

DISCUSSION OF PROGRAM PERFORMANCE

A written discussion of program performance should be submitted that describes what MFR performance data reveals about agency performance during the past fiscal year. The discussion of program performance will not be published in the budget books, but will be used by budget decision-makers to assess program performance in more detail as part of the strategic budgeting process.

Agencies should include the following in their discussions of program performance:

- Concise statement of overall program performance including what the reported outcome and efficiency measures and other units of measure show about the effectiveness and efficiency of the program;
- Outcomes attained, and explanations for performance that surpasses, meets, or fails to achieve program targets for outcomes and service delivery; and
- Comparison of program performance to similar programs in other jurisdictions using performance information obtained from benchmarking, national standards, the experience of other similar states, or published articles, research, audits, or management evaluations.

A new requirement for FY 2007 is a discussion of performance for the measures contained in the 2005 MFR State Comprehensive Plan that was published in February 2005. This new requirement applies to the agencies that are responsible for reporting MFR performance data for the measures included in the State Comprehensive Plan. This performance discussion should include the items listed above. The State Comprehensive Plan may be found at the following Web address:

http://www.dbm.maryland.gov/dbm_publishing/public_content/dbm_taxonomy/budget/publications/2005stateplan.pdf.

STRATEGIES

Agencies that are responsible for reporting data for measures included in the State Comprehensive Plan must submit strategies that support achievement of related goals and objectives. Otherwise, submission of strategies is optional unless the agency's Budget Analyst requests strategies to be submitted. For agencies required to submit them, strategies should be provided in a separate WORD document along with the MFR submission. The strategies must be presented under the objectives that they pertain to, and numbered accordingly. Objective 1.2 might have three strategies that would be numbered Strategy 1.2.1, Strategy 1.2.2, and Strategy 1.2.3. Strategies will not be printed in the Budget Books.

INTERAGENCY COLLABORATION

Collaboration among agencies with shared areas of responsibility is necessary to achieve key outcomes in these areas. Examples of areas of responsibility that are shared by more than one agency are environmental protection, regulatory functions, services to children and families, and services to the disabled. Agencies with shared responsibilities are strongly encouraged to work together in their strategic planning efforts, to identify shared outcomes, and to develop and report key measures of progress toward achieving shared outcomes.

PROOFING COMPLETED BUDGET BOOK PAGES

- ✓ Always run "find and replace" to ensure that spelling and capitalization criteria have been met.
- ✓ Always run spell check to correct spelling and word spacing errors.

DBM REVIEW AND ASSESSMENT OF FY 2007 MFR SUBMISSIONS

The Department of Budget and Management will apply the following questions when assessing agency Managing for Results submissions. Agencies also should apply these questions when developing a strategic plan and performance measures, and should refer to the **Managing for Results Guidebook** for additional guidance.

MISSION

- Who are the customers/stakeholders that the agency is serving?
- What are the intended results that meet stakeholder/customer needs?
- What services/activities are used to achieve the mission?

VISION

- What would Maryland be like if the agency's Vision (or outcome goals) were achieved?

GOALS

- What outcomes are sought by the goal?
- What strategic issue is being addressed by the goal?
- What concept in the goal is measurable?
- Do the current or proposed program activities relate to the goals?
- Is the number of goals within the specified number?

OBJECTIVES

- How do the goals and objectives support the agency's Mission and Vision that have been submitted?
- Are the objectives "SMART"?
 - **Specific:** What specific aspects of the outcomes are sought after in the objective?
 - **Measurable:** What is being measured? What targeted level of performance is specified by the objective for the desired outcomes?
 - **Attainable:** Do the agency's performance targets seem aggressive enough considering baseline performance and other factors?
 - **Results-Based:** What outcome is sought in the objective?
 - **Time Bound:** When can you expect to see results?

PERFORMANCE MEASURES

- Is the performance concept in the goal measured?
- Is the reported measure consistent with the associated objective, i.e. are the objective and measure formulated in the same way?
- Are the performance measures valid? If not, describe the aspects that are not valid.
- Are the performance measures clear? If not, describe what is unclear.
- What has been the agency's baseline performance?
- What benchmarks (internal or external) exist that relate to the performance?

- What outcomes and results has the program produced?

STRATEGIES

- How does the strategy influence attainment of goals and objectives?

The OBA Budget Analysts will take the following actions as appropriate following their assessment of components of the agency MFR submissions:

1. Contact the agency to discuss agency and program performance as indicated by reported performance data;
2. Consult as possible with the agency regarding editorial revisions to the MFR submission.
3. Return the submission to the agency for revision and resubmission as needed.
4. Approve the MFR submission for print in the Budget Book.

USE OF MFR IN STRATEGIC BUDGETING

The agency MFR submissions are an integral part of the strategic budgeting process and budgetary decision-making. DBM will use Managing for Results information in the budget process to:

1. Analyze what the reported performance data indicates about effectiveness of strategies, agency and program performance, and the justification for continued, increased, or decreased funding;
2. Set priorities to facilitate necessary budget reductions and efficiencies; and
3. Discuss MFR goals, strategies, and results data in analyses of agency budgets and in budget hearings.

Attachment A

FORMATTING GUIDELINES FOR MANAGING FOR RESULTS SUBMISSION

MARGINS	Top and bottom should be 1"	Right and left should be 0.5".	Gutter 0	Header/Footer 0.5"	
FONT	All text: Times New Roman	Header: 14 Point	Program name and R*STARS Code: 12 Point	Program Description, Mission, and Key Goals: 10 Point	All other text: 10 Point
JUSTIFICATION & PAGE BREAKS	Multiple line text in program description, mission, vision, goals, and objectives should be fully justified.	Performance measures are not justified.	Begin a new page for the start of each program.		
HEADERS	Headers include the department / agency name and appear at the top of every page.	There should be a line across the page under each header. (See the Budget Books)	To create the header: Select view /headers . Select format/ borders/ shading . Select 2¼ pt in Width . Select solid line in Style . Select bottom line in Preview	Correct headers if there have been changes in agency names.	
PROGRAM CODE AND NAME	Use the eight-digit R*STARS code. Do not use a dash between the code and name.	Program names should be the same as in the Budget Books and the HOBO files. Inform OBA if a program name has changed.	Include the division/ administration that the program is part of. (See Budget Books). Indent additional lines under the first letter of text on the first line.	Repeat only program code and name when sections carry over to the next page. Do not repeat section title (Goals, Objectives, Performance Measures).	

Attachment A
FORMATTING GUIDELINES FOR MANAGING FOR RESULTS SUBMISSION

ACRONYMS	The first time an acronym is used, it should be noted in parentheses after the words the acronym stands for. Thereafter, use only the acronym.				
SPELL OUT	fiscal year (do not use FY)	percent (rather than %) in performance measure descriptions. The % symbol can be used in data tables.	General Funds (do not use GF)	Federal Funds (do not use FF)	
CAPITALIZE	State when it refers to the State of Maryland	Federal	General Funds	Department when it refers to a specific department.	First letter of first word for each performance measure
MEASURES WITHOUT DATA	Enter an * in the Actual column.	Include following note in bold, 10 font, 2 lines below last measure: Note: * New measure for which data is not available.	If data is not applicable: Enter N/A in the Actual column.		
CAPITAL PROGRAMS	Do not include in MFR submission				

ATTACHMENT B – SAMPLE FORMAT

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES

(PAGE HEADER FONT SHOULD BE, TIMES NEW ROMAN, SIZE 14, AND BOLD)

Q00B04.02 MARYLAND CORRECTIONAL TRAINING CENTER – HAGERSTOWN REGION

(PROGRAM CODE AND TITLE FONT SHOULD BE TIMES NEW ROMAN, SIZE 12, BOLD, ALLCAPS. PROGRAM CODE SHOULD BE THE EIGHT-DIGIT R*STARS CODE)

PROGRAM DESCRIPTION

(HEADING FONT FOR THE PROGRAM DESCRIPTION, MISSION, VISION, AND KEY GOALS, OBJECTIVES AND PERFORMANCE MEASURES SHOULD BE TIMES NEW ROMAN, SIZE 10, BOLD, ALLCAPS. TEXT UNDER THE HEADING SHOULD BE IN TIMES NEW ROMAN FONT, SIZE 10, BUT UPPER AND LOWER CASE AND NOT BOLD WITH AN INDENT OF 5 AND FULL JUSTIFICATION.)

The Maryland Correctional Training Center (MCTC) in Washington County includes a medium security institution as well as a minimum security and pre-release unit for adult male offenders.

MISSION

Maryland Correctional Training Center is a multi-security level institution for adult male offenders that helps protect the citizens of Maryland by securely maintaining inmates in a safe, healthy, and humane environment, and provides training and programming that increases the inmate's ability to become a productive citizen upon release.

VISION

Working for a safer tomorrow through effective corrections today.

KEY GOALS, OBJECTIVES AND PERFORMANCE MEASURES

Goal 1. Offender Security Secure defendants and offenders confined under Division supervision.

Objective 1.1 During fiscal year 2002, and thereafter, ensure that no defendant or offender in a maximum or medium security setting escapes or is incorrectly released.

	2003	2004	2005	2006
Performance Measures	Actual	Actual	Estimated	Estimated
Outcomes: Number of offenders in maximum or medium security settings who escape	1	0	0	0
Number of offenders in maximum or medium security settings who are incorrectly released	*	0	0	0

Objective 1.2 By fiscal year 2004, the annual overtime usage due to sick leave will be reduced by 10% from 2001 levels.

	2003	2004	2005	2006
Performance Measures	Actual	Actual	Estimated	Estimated
Efficiency: Number of sick leave hours used by staff	56,304	69,719	52,554	50,673
Number of overtime hours incurred due to sick leave use	10,185	8,940	8,940	8,940

ATTACHMENT B – SAMPLE FORMAT

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES

(PAGE HEADER FONT SHOULD BE, TIMES NEW ROMAN, SIZE 14, AND BOLD)

Q00B04.02 MARYLAND CORRECTIONAL TRAINING CENTER - HAGERSTOWN REGION (Continued)

Objective 1.3 During fiscal year 2004, the number of inmate assaults on staff will be reduced by at least 16% from fiscal year 2001 levels.

	2003	2004	2005	2006
Performance Measures	Actual	Actual	Estimated	Estimated
Outcome: Number of inmate assaults on staff	54	50	47	45

Goal 2. Offender Safety Ensure the safety of defendants and offenders under the Division's supervision.

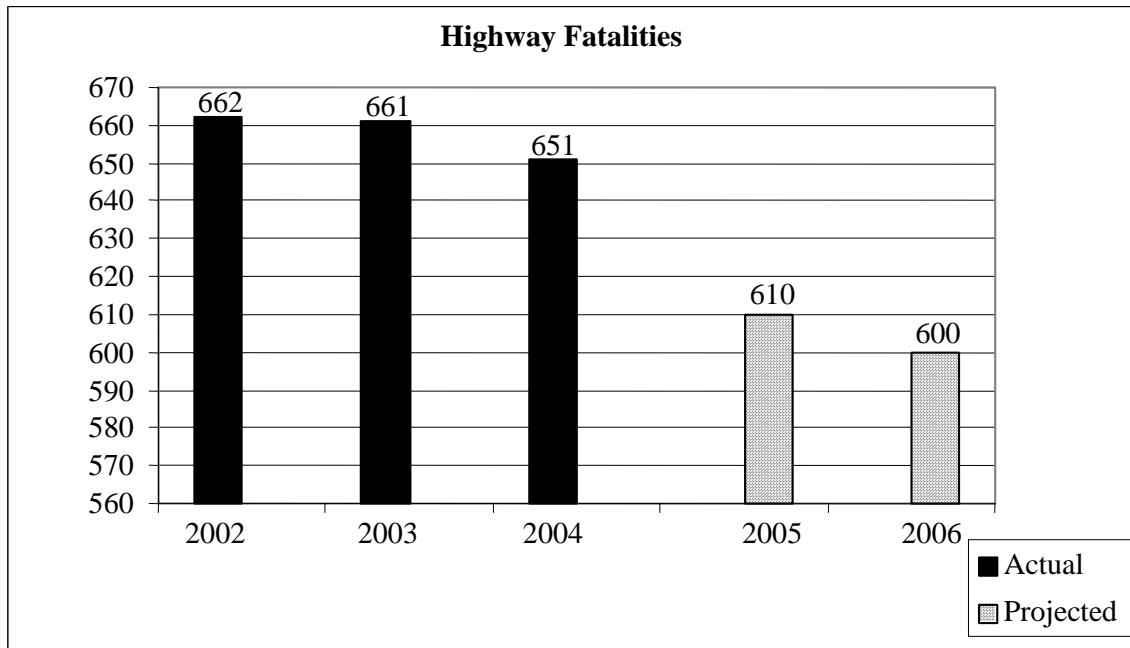
Objective 2.1 During fiscal year 2004, the number of offenders physically harmed by others while under the Division's supervision will be reduced by at least 16% from fiscal year 2001 levels.

	2003	2004	2005	2006
Performance Measures	Actual	Actual	Estimated	Estimated
Outcome: Number of offenders assaulted by inmates	253	233	223	213

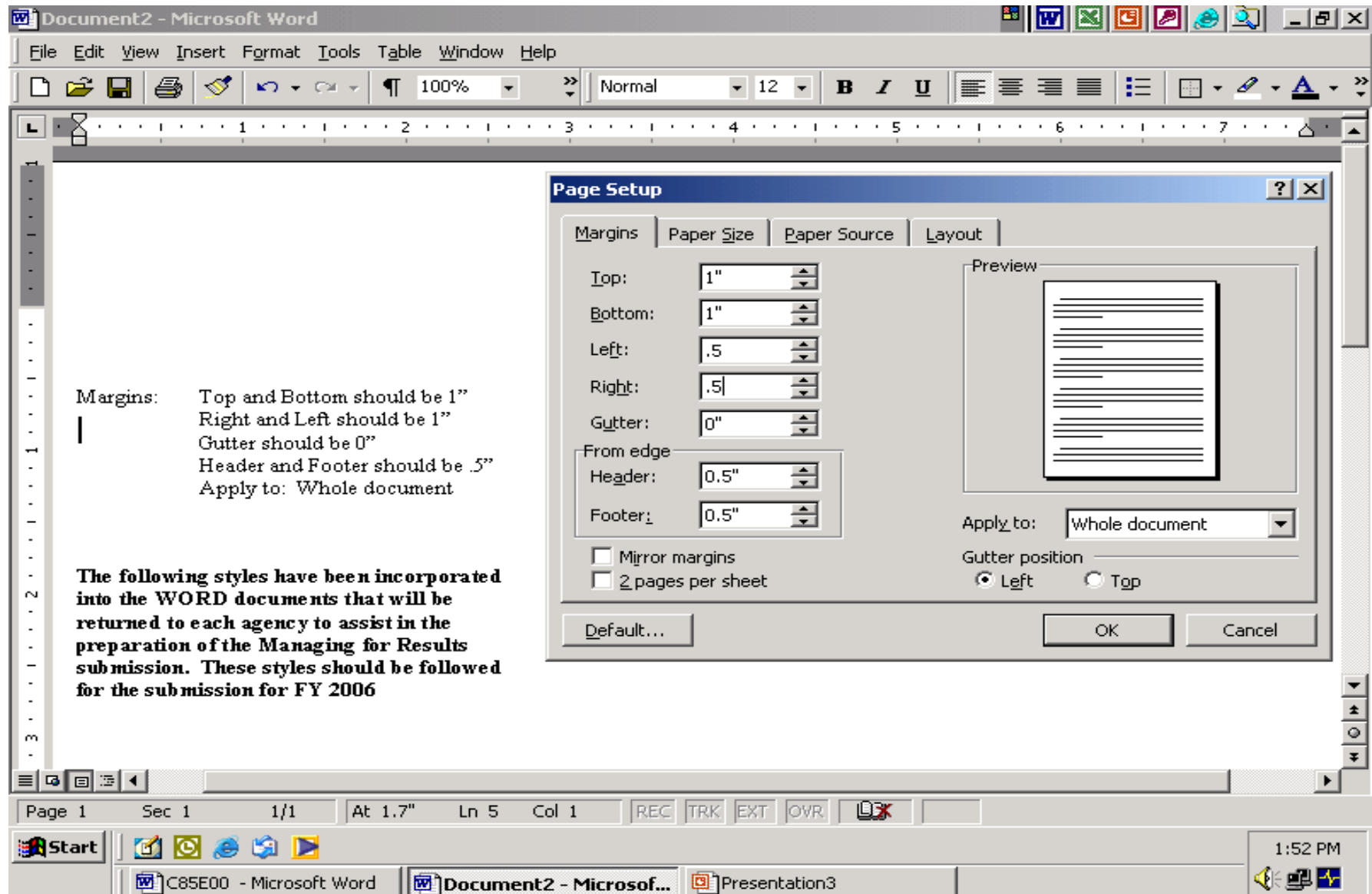
	2003	2004	2005	2006
Performance Measures	Actual	Actual	Estimated	Estimated
Other Measures: Average Daily Population	2,905	2,913	3,000	2,971
Annual Cost per Capita	\$14,175	\$14,910	\$14,665	\$16,028
Daily Cost per Capita	\$38.73	\$40.74	\$40.07	\$43.91
Ratio of Average Daily Population to positions	4.87:1	4.70:1	4.70:1	4.66:1
Ratio of Average Daily Population to custodial positions	5.99:1	5.72:1	5.70:1	5.65:1

Note: * New performance measure for which data is not available.

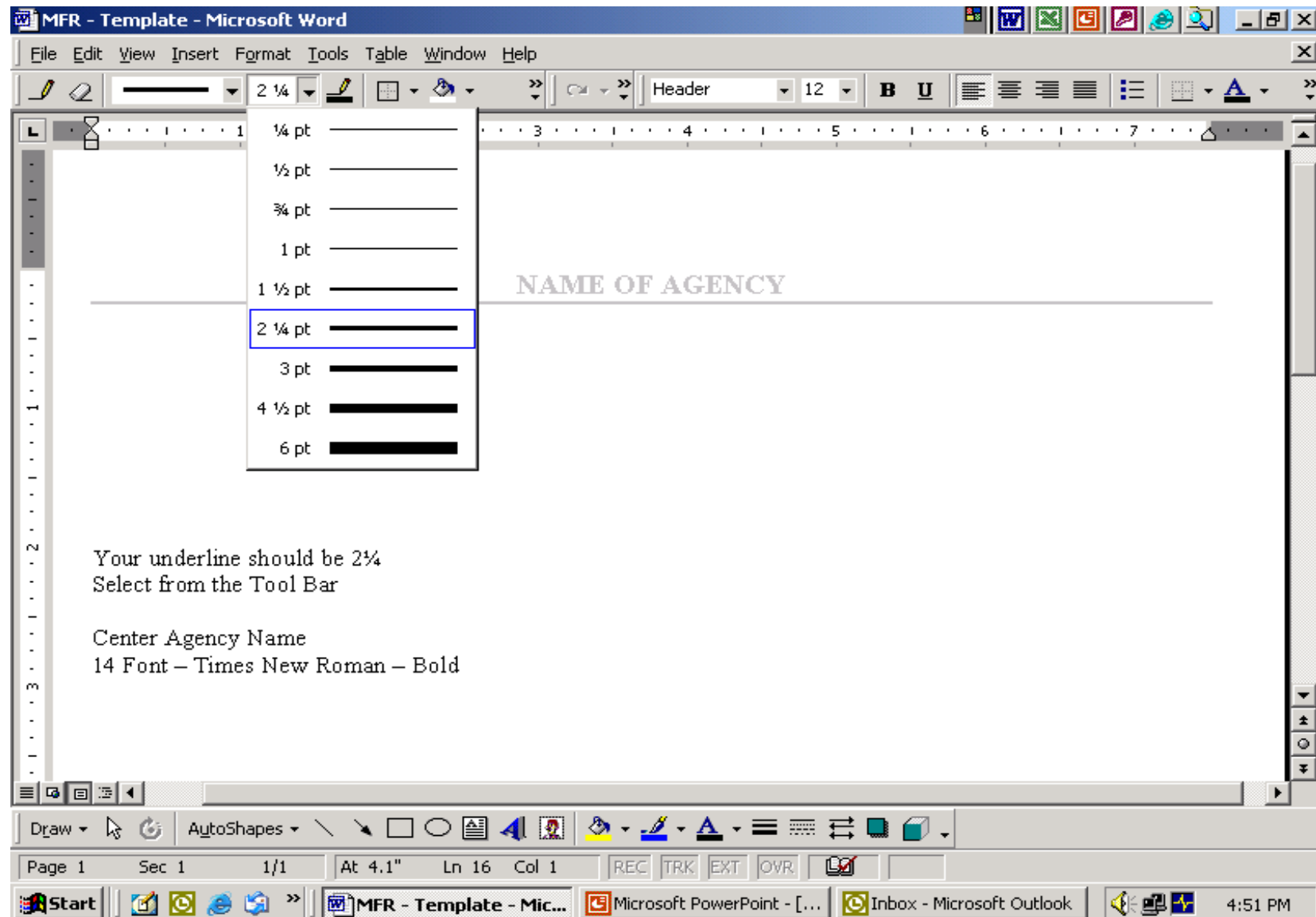
ATTACHMENT C



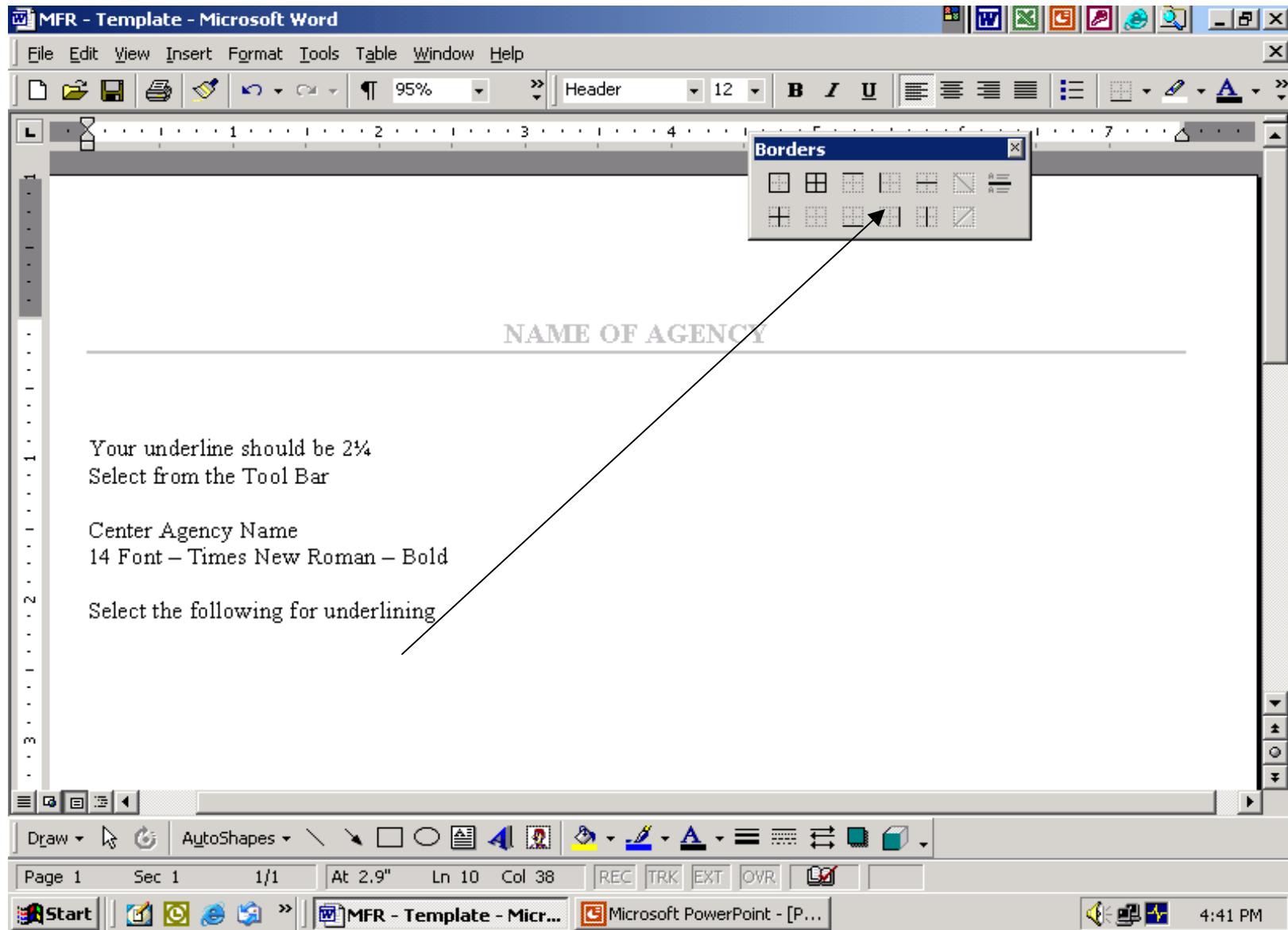
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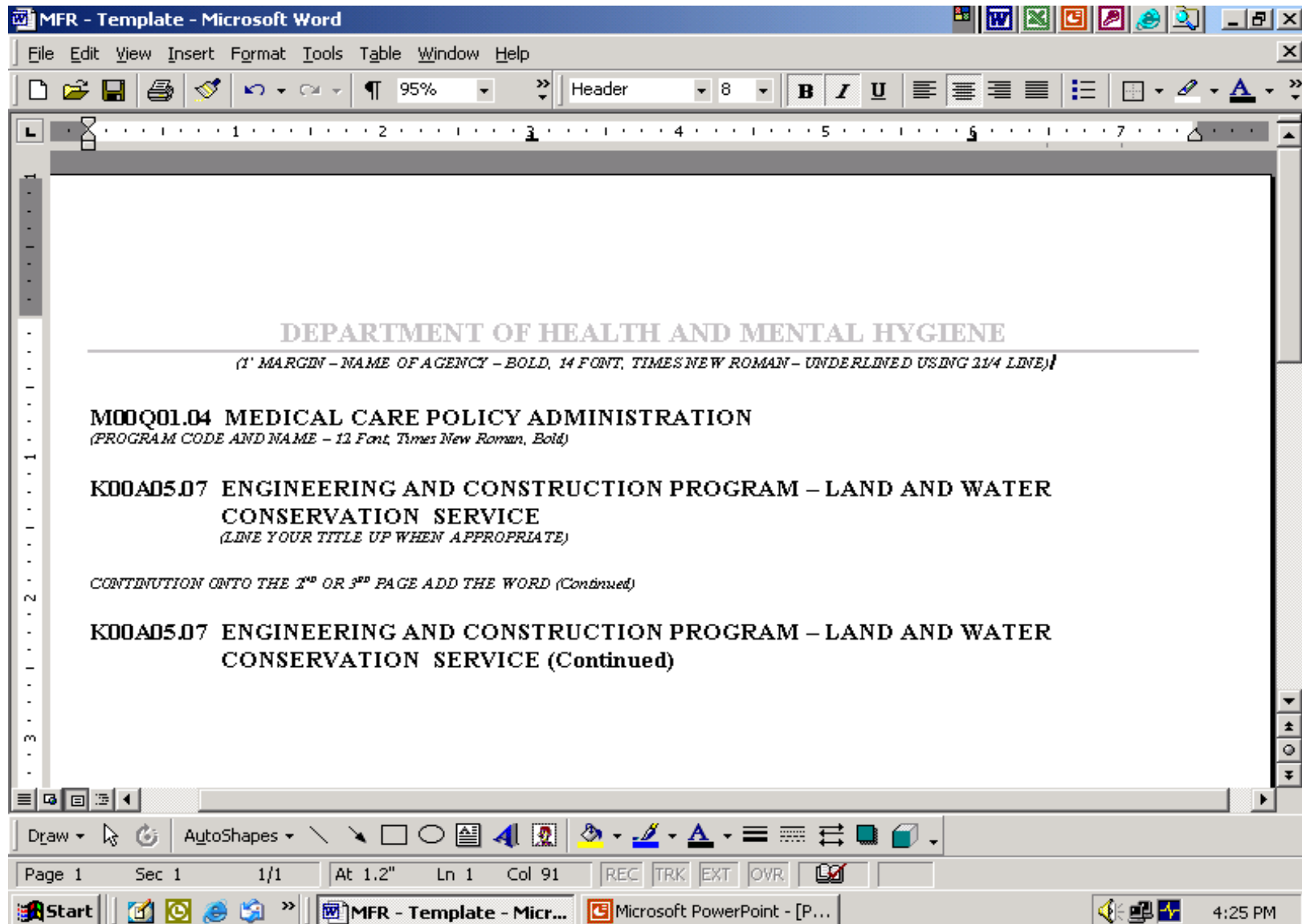
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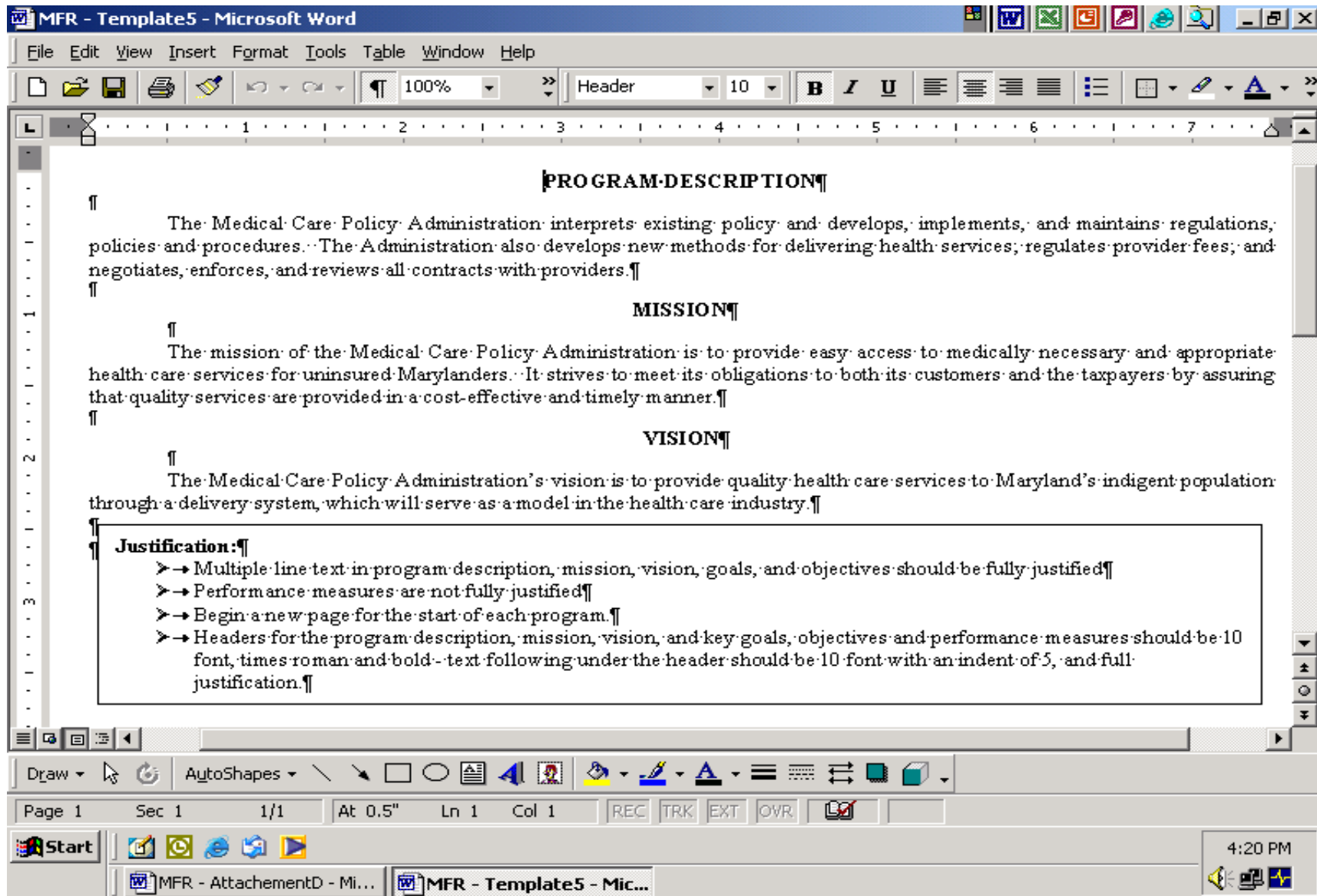
HEADER - 2



HEADERS - 3



BODY OF PRESENTATION



PERFORMANCE MEASURES

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KEY GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

Goal 1. Improve the health of Maryland's children.

Objective 1.1 For Calendar Year 2005, increase by 1 percentage point annually the proportion of HealthChoice child respondents¹ who report² that the medical care they have received in the last six months has improved their health.

	CY 2003 Actual	CY 2004 Estimated	CY 2005 Estimated	CY 2006 Estimated
Performance Measures³				
Input: Number of HealthChoice child respondents	3,263	3,300	3,300	3,300
Output: Number of HealthChoice child respondents who reported that the medical care they received in the last six months has improved their health	2,720	2,772	2,805	2,838
Outcome: Percent of HealthChoice children surveyed reporting the medical care received in the last six months has improved their health	83%	84%	85%	86%

Page 1 Sec 1 1/2 At 2.5" Ln 11 Col 60 REC TRK EXT OVR

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